



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 4, 2006

H.R. 3603 **Central Idaho Economic Development and Recreation Act**

As passed by the House of Representatives on July 24, 2006

SUMMARY

H.R. 3603 would make several changes to the status of certain federal land in the state of Idaho. CBO estimates that implementing the legislation would cost \$13 million in 2007 and about \$18 million over the 2007-2011 period, assuming the availability of appropriated funds. Enacting H.R. 3603 could increase direct spending, but we estimate that any such increase would not exceed \$500,000 in any year.

In addition, CBO and the Joint Committee on Taxation (JCT) estimate that altering the valuation methods used to determine the fair market value of certain charitable contributions would reduce federal revenues by \$77 million in 2007, by \$78 million in 2008, and by amounts of less than \$500,000 per year thereafter.

H.R. 3603 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no significant direct costs on state, local, or tribal governments. Grants and land conveyances authorized by this act would benefit the state of Idaho and various local governments within that state. Any costs incurred by those governments to comply with conditions imposed by the act would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

For this estimate, CBO assumes that H.R. 3603 will be enacted near the start of fiscal year 2007. The estimated budgetary impact of H.R. 3603 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	2007	2008	2009	2010	2011

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Estimated Authorization Level	18	*	*	*	*
Estimated Outlays	13	3	2	*	*

CHANGES IN REVENUES

Estimated Revenues	-77	-78	*	*	*
--------------------	-----	-----	---	---	---

NOTE: * = between -\$500,000 and \$500,000.

SOURCES: Congressional Budget Office and Joint Committee on Taxation.

BASIS OF ESTIMATE

H.R. 3603 would make several changes to the status of certain federal land in the state of Idaho. Title I would direct the Secretaries of Agriculture and the Interior to convey certain land to that state and certain local governments within it. Title II would designate over 300,000 acres of federal land as wilderness and release other areas that are currently being assessed for potential designation as wilderness. Title III would establish the Boulder-White Clouds Management Area on certain federal land in Idaho and specify requirements for the management of that land.

CBO estimates that implementing H.R. 3603 would cost \$13 million in 2007 and about \$18 million over the next five years, assuming the availability of appropriated funds. CBO also estimates that enacting the legislation would not significantly affect direct spending. Finally, CBO and JCT estimate that enacting H.R. 3603 would reduce federal revenues by \$77 million in 2007, by \$78 million in 2008, and by amounts of less than \$500,000 per year thereafter.

Spending Subject to Appropriation

CBO estimates that implementing H.R. 3603 would require the appropriation of \$18 million for activities authorized under the act. That amount includes \$14 million specifically authorized to be appropriated for:

- Grants to support economic development in certain Idaho communities;

- Acquisition of certain nonfederal land and interests; and
- Various projects on federal land in Idaho, including the construction of trails and other recreational facilities.

In addition to amounts specified for those purposes, we estimate that implementing H.R. 3603 would require the appropriation of \$4 million to cover costs to complete proposed land conveyances, establish and manage the proposed wilderness and management areas, and purchase certain patented mining claims. We estimate that any increase in future costs to manage areas affected by the act would not exceed \$500,000 in any year.

Direct Spending

H.R. 3603 would require the federal government to convey specified land to certain state and local governments. The legislation also would withdraw federal land within proposed wilderness areas from programs to sell land and develop natural resources. As a result of those provisions, H.R. 3603 could reduce offsetting receipts (a credit against direct spending), particularly from land sales. Because the federal government has permanent authority to spend proceeds from land sales, any forgone receipts would be fully offset by a corresponding decrease in direct spending. As a result, CBO estimates any net changes in direct spending would not be significant in any year. We also estimate that other provisions of the legislation would have no significant impact on direct spending.

Revenues

Section 302 of the legislation would alter the valuation methods used to determine the fair market value of unpatented mining claims in the Boulder-White Clouds Management Area that are donated to the federal government. The use of the new valuation methods in some cases could result in a higher appraised value for the claims, which would allow the donors to deduct a higher amount of charitable contributions from income for tax purposes than would be possible under current law. The Joint Committee on Taxation expects that most of those donations would occur in 2007 and 2008, and estimates that section 302 would reduce federal revenues by \$77 million in 2007, by \$78 million in 2008, and by amounts of less than \$500,000 per year thereafter.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3603 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no significant direct costs on state, local, or tribal governments. Grants and land conveyances authorized by this act would benefit the state of Idaho and various local governments within that state. Any costs incurred by those governments to comply with conditions imposed by the act would be incurred voluntarily.

ESTIMATE PREPARED BY:

Federal Costs: Megan Carroll

Impact on State, Local, and Tribal Governments: Marjorie Miller

Impact on the Private Sector: Craig Cammarata

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis